

Loans for success

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FOR TESTIMONY on what a \$1,000 "micro-loan" can accomplish, go visit Mixcoatl Arts and Crafts at the corner of 24th Street and South Van Ness Avenue in the heart of San Francisco's Mission District.

The shelves and walls glitter with items from throughout Latin America -- elaborate bead art from the Sierra Madre in Mexico, finely painted wooden animals known as alebrijes from Guatemala, silver Inca jewelry from Peru -- along with crafts from the American Southwest.

Its proud owner is 36-year-old Connie Rivera, who came from Mexico 20 years ago. For many years, she cleaned houses, did child care and worked at a coffee shop. But one day, she picked up a flyer put out by the Women's Initiative for Self-Reliance, a nonprofit organization headquartered in Oakland, advertising classes for low-income women interested in starting their own businesses.

She signed up.

After completing a 20-session course offered in San Francisco, she was ready to draw on her experience growing up in Mexico where her parents and grandparents were artisans, and other family members owned their own stores.

But as a low-income woman with no collateral or credit history, she could not qualify for any conventional bank loans. The Women's Initiative was able to provide her with a \$1,000 "seed" loan, which allowed her to buy a computer. With a subsequent \$2,000 loan, she bought the equipment needed to process credit cards.

Friends and family also chipped in, and she moved into the storefront on 24th Street. The business has been so successful that in a couple of weeks, she will open another store in Oakland's Fruitvale Market, across from the BART station there, this time with a larger loan of \$13,000 from the Women's Initiative.

What's more, she has paid off the original loans.

"When I was a child, I used to play 'store', using pebbles as 'inventory,' " she recalls of her childhood in Toluca, Mexico, which is famous for its woven baskets. "I had dreams. This was one of my dreams -- to own my business."

She is only one of hundreds of low-income women in the Bay Area who for nearly 20 years have been able to get loans from the \$500,000 revolving loan fund established by the Women's Initiative with private donations and a grant from Comerica Bank. Last year, some 1,300 women completed the training it offers. Seventy applied for and received loans.

"We do really high-risk lending," said Julie Castro Abrams, CEO of the Women's Initiative. "Our collateral is our relationship with the women we are working with." Remarkably, the default rate is less than 10 percent. Typically, says Abrams, that occurs in rare and dire situations such as illness or death that interfere with repayment.

The program's success shows that "micro-lending" is not just a strategy that works in Third World countries. It has enormous benefits for California as well.

That's why the Legislature should approve SB446, introduced by state Sen. Leland Yee, D-San Francisco, which will provide up to \$5 million for organizations that help micro-enterprises get off the ground.

Under its bright blue and yellow awning, Connie Rivera's burgeoning business provides a compelling reason why "micro-lending" is a strategy that deserves to be expanded across the state.

*<http://sfgate.com/cgi-bin/article.cgi?f=/chronicle/archive/2007/06/10/EDGCUQBMQL1.DTL>
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